

Executive Order 2005-01
State of Arizona Value in Procurement (VIP) Program

WHEREAS, Executive Order 2003-14 established the Governor's Efficiency Review (ER) to find practical ways to reduce costs, improve customer service, and eliminate duplication in Arizona State Government; and

WHEREAS, the ER Initiative has determined that better leveraging of the State's purchasing power can improve efficiency and save tens of millions of dollars; and

WHEREAS, State contracting and purchasing professionals need and want new tools and strategies -- such as strategic sourcing, spend management and reverse auctions -- for cost-effective procurement of goods and services;

NOW, THEREFORE, I, Janet Napolitano, Governor of the State of Arizona, by virtue of the authority vested in me by the Constitution and laws of this State, hereby order and direct as follows:

1. The *Governor's Value in Procurement (VIP) Program* is created within the Arizona Department of Administration (ADOA) to develop new procurement business practices and relationships among State agencies to more effectively leverage the State's purchasing power. All Executive Branch agencies, boards and commissions shall participate in the VIP Program for procurement of all contracts, except those exempt from the Arizona Procurement Code. The VIP program shall identify and document sustainable savings for taxpayers over the next three-years.
 - a. The Director of ADOA shall coordinate and monitor the activities of the VIP Program with the full cooperation and support of each agency.
 - b. The Director of ADOA shall immediately coordinate the training and implementation of strategic sourcing and spend management methodologies for all State contracting to achieve VIP savings.
 - c. The Director of ADOA shall report at least quarterly to the Governor's ER Steering Committee on VIP activities.
 - d. The Director of ADOA may form advisory groups within and outside of State government to implement the VIP Program.
2. A Chief Procurement Officers (CPO) Council is created to assist in the implementation of VIP within Executive Branch agencies. Among other things, the CPO shall:
 - a. Advise and recommend to the Governor and Director of ADOA action to be taken with specific agencies in terms of State purchasing and procurement activity for VIP;
 - b. Provide information on any relevant impediments to gaining VIP savings;

- c. Coordinate procurement information technology systems (SPIRIT and a new Enterprise Purchasing System);
 - d. Advise ADOA on enterprise procurement training initiatives, to include strategic sourcing and spend management, and facilitate the use of small, women- or minority-owned businesses in State contracting;
 - e. Encourage the use of “environmentally friendly ” and recycled products in State contracting and purchasing; and
 - f. Enforce the provisions of A.R.S. § 41-2636 relating to procurement from the Arizona Industries for the Blind, certified nonprofit agencies for disabled individuals, and Arizona Correctional Industries.
3. The CPO Council shall meet at least monthly and consist of the CPOs of the following agencies:
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| 1. Administration | 12. Health Services |
| 2. AHCCCS | 13. Juvenile Corrections |
| 3. Commerce | 14. Lottery |
| 4. Corrections | 15. Public Safety |
| 5. Economic Security | 16. Retirement |
| 6. Education | 17. Revenue |
| 7. DEMA | 18. School Facilities Board |
| 8. Environmental Quality | 19. State Parks |
| 9. Game and Fish | 20. Transportation |
| 10. Gaming | 21. Veterans Services |
| 11. GITA | |

In addition, the CPO Council shall include Three Representatives from the Department of Administration’s Enterprise Procurement Services (formerly known as the State Procurement Office).

The CPO Council shall be chaired by the Director of ADOA, or in his/her absence, by the Assistant Director for Enterprise Procurement Services.

- 4. Strategic Contracting Centers (SCCs) shall be created within each of the Executive Branch agencies identified in the preceding paragraph. Each such SCC shall be headed by an agency CPO who participates as a member of the CPO Council. Each SCC shall be delegated authority from ADOA to carry out the procurement and contract management activities for specific State contracts in accordance with VIP initiatives.
- 5. ADOA shall implement a certification program for Arizona government cooperative purchasing as defined in A.R.S. § 41-2631. In order to receive certification from ADOA, other government entities must substantially follow the same or similar procurement standards and policies as the State of Arizona. Upon certification, such entities may become SCCs for the State as well as for themselves.

6. The ADOA shall create a statewide procurement personnel classification and compensation structure. Any agency maintaining a personnel system exempt from State service may institute a substantially similar structure for procurement staff.
7. The ADOA, with recommendations from the CPO Council, shall design, develop, and maintain a statewide procurement system for the State of Arizona following the recommendations contained in the December, 2003 ER Report. The system should include, where practicable, Public/Private partnerships and gain sharing with an e-procurement system software integration partner.
8. When advantageous to the State, the ADOA may direct the Purchasing Card (P-card) as the means of payment for certain supplier transactions. Any agency, through VIP, may use the P-card for small dollar transactions or as a more efficient payment mechanism for State contractors and suppliers.

IN WITNESS WHEREOF, I have
hereunto set my hand and caused to be
affixed the Great Seal of the State of
Arizona.


GOVERNOR



DONE at the Capital in Phoenix, Arizona
this the 27 day of January, Two Thousand
Five and of the Independence of the United
States the Two Hundred and Twenty Ninth.

ATTEST: 
SECRETARY OF STATE